

## Activity Based Costing

The IMA has been charged to transform installation management within the Army. One of the principal goals of this transformation is to improve productivity and reduce costs. The IMA will institutionalize a cost management (CM) culture, using ABC/M, to achieve this transformation and drive continuous productivity improvement. A garrison must preserve combat power by supporting its mission commander's requirements while managing costs carefully to ensure its success and survival in today's world.

ABC/M is a tool that can deliver effective CM and has strong support from Army leadership. As early as 1999, the Secretary of Defense issued a memorandum on implementation of activity based management, that memorandum was followed by direction to implement ABC/M from the Secretary of the Army and the Vice Chief of Staff of the Army in 2001.

The implementation of ABC/M is one of several management initiatives being implemented by the IMA HQ. The intent of the IMA HQ is to bring professional-grade managerial tools, like ABC/M, to the entire IMA, including all seven region offices and all garrisons. Garrison commanders will be able to manage their organizations and establish a culture that (1) expects continuous improvement and (2) expands the roster of employees who have a true enterprise (garrison-wide) perspective in the accomplishment of their jobs. In implementing these management initiatives, the Director IMA will delegate to the garrison commander equal shares of authority and accountability.